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2 July 1962 25X1

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CENTRAL INTELLIGENCE BULLETIN



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USSR: Khrushchev's prediction--made at an agricultural conference in Moscow on 27 June--of a harvest of between 148 and 164 million metric tons of grain "if there is no worsening of conditions" appears unrealistic. His prediction of a record grain harvest and his statements indicating improvement in the Soviet livestock situation seem intended to justify the measures taken this spring to improve agricultural production. Some of these--particularly the price rise in meat and dairy products--have been unpopular, and rumors of further price rises are circulating among the Soviet people. By claiming record crop prospects, Khrushchev may hope to raise morale and to secure greater public acceptance of these measures.

It seems unlikely that this year's crop will reach even the record achieved in 1958, which was well below the lower limit of Khrushchev's current forecast. While grain acreage has been expanded this year, weather conditions have been about average in most of the USSR and generally unfavorable in the New Lands region, which produces over one third of all Soviet grain. This region, where crop failures in 1960 and 1961 contributed adversely to mediocre production for the country as a whole, has been suffering from drought conditions. While there was at least temporary relief in the latter part of May, the region is still short of moisture, and a prolonged dry spell later in the season could do much damage.

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DAILY BRIEF

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West New Guinea. Indonesia apparently is prepared to resume secret preliminary talks with the Dutch on West New Guinea under the auspices of Ambassador Bunker as soon as arrangements can be made. Foreign Minister Subandrio, who had just conferred with President Sukarno, informed the US ambassador of Indonesia's position on 30 June. He added that the Indonesian delegate, Adam Malik, would be ready to begin discussions by 9 July at the latest. Indonesia's decision apparently results from U Thant's letter of 28 June to President Sukarno in which Sukarno was once more assured that the Netherlands is willing to postpone a plebiscite in New Guinea until after the transfer of the area's administration to Indonesia. The Dutch still insist, however, on adequate safeguards for native self-determination.

Subandrio told the US ambassador that he hopes the transfer of West New Guinea's administration to Indonesia can be accomplished as soon as possible. Sukarno has demanded a transfer before the end of 1962 rather than after the two-year period stipulated in the Bunker plan. Subandrio said he hoped the Dutch would not request a "cease-fire" in New Guinea while the talks are in progress; he stressed that the discussions could break down on this issue. Indonesian officials have repeatedly stated that military operations in New Guinea will continue even if the talks resume.

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Congo: Tshombé, in an interview on 30 June with the US, British, French, and Portuguese consuls, said that he considers U Thant's statement on 29 June alerting UN forces in the Congo as "a virtual declaration of war." Tshombé, who professed to be ill, said that he had planned to leave for Geneva last week end but that in view of the UN statement, he would have to "stay a little longer" in Elisabethville "to calm the population." The Katangan leader made it clear that he would not return to Leopoldville, but asserted that he was ready to meet Adoula anywhere else; he said that he felt agreement could be reached "in as short a time as five days."

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Meanwhile, there are indications that more mercenaries are arriving in southern Katanga, where the US consul estimates there are already at least 250 well-organized mercenaries. The Katangan Ministry of Health has reportedly bought seven small Belgian planes, one of which has already arrived, ostensibly for a "mercy medical mission" to remote areas but reportedly to be used for military support.

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Radio Katanga, now again in operating order and capable of broadcasting to Leopoldville and to the Congo generally.

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Argentina: On 30 June the undersecretary for foreign affairs informed Ambassador McClintock that Economics Minister Alsogaray would probably be ousted.

The cabinet is irritated with Alsogaray's handling of the financial crisis, which has intensified during the past few months, causing record bankruptcies and growing unemployment.

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There have been new closures by the major appliance manufacturers. Moreover, various military units have not been paid since April, their barracks are no longer heated, and their rations have been curtailed. The large reductions in industry, where Peronist strength is centered, affects internal security and is an important factor in military opposition to Alsogaray.

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